

HOUSE BILL No. 1422

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-25.

Synopsis: Farm equipment property tax credit. Provides a state tax credit equal to the property tax paid on agricultural personal property.

Effective: July 1, 2003.

Murphy, Klinker

January 14, 2003, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

HOUSE BILL No. 1422

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-25 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2003]:

4 **Chapter 25. Credit for Property Taxes Paid on Agricultural**
5 **Property**

6 **Sec. 1. As used in this chapter, "agricultural property" means**
7 **depreciable personal property used or held on a farm in connection**
8 **with cultivating the soil or in connection with raising or harvesting**
9 **any agricultural or horticultural commodity.**

10 **Sec. 2. As used in this chapter, "assessed value" has the meaning**
11 **set forth in IC 6-1.1-1-3.**

12 **Sec. 3. As used in this chapter, "net ad valorem property taxes"**
13 **means the amount of property taxes paid by a taxpayer for a**
14 **particular calendar year after the application of all property tax**
15 **deductions and property tax credits.**

16 **Sec. 4. As used in this chapter, "pass through entity" means:**
17 **(1) a corporation that is exempt from the adjusted gross**

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income tax under IC 6-3-2-2.8(2);

(2) a partnership;

(3) a trust;

(4) a limited liability company; or

(5) a limited liability partnership.

Sec. 5. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);

(2) IC 6-5.5 (financial institutions tax); and

(3) IC 27-1-18-2 (insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 6. As used in this chapter, "taxpayer" means an individual or entity that has state tax liability.

Sec. 7. Beginning with net ad valorem property taxes first due and payable in calendar year 2004, a taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year for one hundred percent (100%) of the net ad valorem property taxes paid by the taxpayer in the taxable year on the assessed value of agricultural property.

Sec. 8. If the amount of the credit determined under section 7 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry over the excess to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback. A taxpayer is not entitled to a refund of an unused credit.

Sec. 9. If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

Sec. 10. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department proof of payment of an ad

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- 1 **valorem property tax and all information that the department**
- 2 **determines is necessary for the calculation of the credit provided**
- 3 **by this chapter.**

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